DIRECT TESTIMONY OF THOMAS R. CONARD ON BEHALF OF SOUTH CAROLINA PIPELINE CORPORATION DOCKET NO. 2004-6-G

Q. PLEASE STATE YOUR NAME AND GIVE YOUR BUSINESS ADDRESS.

A. My name is Thomas R. Conard, and my business address is 105 New Way Road, Columbia, South Carolina, 29224.

Q. WHAT IS YOUR CURRENT POSITION WITH SOUTH CAROLINA PIPELINE CORPORATION?

A. I am Assistant Controller at South Carolina Pipeline Corporation ("SCPC" or "Company").

Q. PLEASE DESCRIBE YOUR EDUCATION AND BUSINESS EXPERIENCE BACKGROUND.

A. I am a graduate of the University of South Carolina with a Master of Accountancy degree. I joined South Carolina Electric & Gas Company ("SCE&G") in June 1980 where I held various positions in Accounting, Information Services Technology, Fossil Hydro Business Unit, and Retail Electric Business Unit. In November 1998, I became Manager of Accounting, Finance and Regulatory at SCPC, and in May 2003, I was promoted to my present position – Assistant Controller. I am licensed as a Certified Public Accountant in the State of South Carolina, and I am a member of the American Institute of Certified Public Accountants as well as the South Carolina Association of Certified Public Accountants.

Q. PLEASE SUMMARIZE YOUR DUTIES WITH SCPC.

A. As Assistant Controller, my corporate responsibilities include oversight of the books and records of SCPC, including all accounting and reporting functions.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. The purpose of my testimony is to inform the Commission of the practices of SCPC with regard to gas cost recovery for the twelve-month period of January 1, 2003 through December 31, 2003.

Q. HOW ARE THE BOOKS AND RECORDS OF THE COMPANY MAINTAINED?

A. The Company maintains its books and records for regulatory reporting and accounting in conformity with the Uniform System of Accounts as prescribed by the Federal Energy Regulatory Commission and as adopted by the Commission.

Q. BRIEFLY EXPLAIN THE STEPS THE COMPANY TAKES TO INSURE THAT ITS BOOKS AND RECORDS ARE ACCURATE AND COMPLETE.

A. SCPC has historically maintained an extensive system of strict internal accounting controls supplemented by formal policies and procedures, including financial oversight by the Audit Committee of the Company's Board of Directors. In addition to SCPC's accounting transactions and reports being audited by SCANA Corporation's ("SCANA") internal auditors, these transactions and reports are audited by SCANA's external auditors, Deloitte & Touche. Deloitte & Touche also audits SCPC's revenue and cost of gas transactions quarterly.

In addition to internal and external accounting controls and audits, SCPC has documented all critical controls for compliance with the Sarbanes-Oxley Act. These controls have been reviewed, tested and approved by SCANA personnel as well as Deloitte & Touche.

Q. IS SCPC SUBJECT TO ANY FURTHER OVERSIGHT?

A. Yes. As a regulated utility under the jurisdiction of the Commission, SCPC is subject to regular audits and reviews by the Commission and its Staff. Further, as a subsidiary of SCANA, the Company is subject to regular audits and reviews by various taxing authorities, such as the Internal Revenue Service and the South Carolina Department of Revenue. Additionally, SCANA files regular reports with the United States Securities and Exchange Commission containing information related to SCPC, which reports are subject to audit and review.

Q. WHAT CLASSES OF CUSTOMERS DOES SCPC SERVE?

A. Overall, SCPC has two major classes of customers: (1) sale for resale and (2) industrial. Both of these customer classes are further divided into firm and interruptible categories, a distinction that I will discuss later in my testimony.

Q. PLEASE DESCRIBE THE SALE FOR RESALE CUSTOMERS.

A. SCPC's sale for resale customers are an investor-owned utility, natural gas authorities, and municipalities that operate gas distribution systems serving residential, commercial, and industrial customers. In essence, the sale for resale customers purchase natural gas from SCPC on a firm or interruptible basis and then resell the purchased gas to its residential, commercial, and industrial customers. In addition to categorizing sale for resale customers as either firm or interruptible, SCPC also classifies its sale for resale customers according to the type of service that the customer receives, such as Distributor Service ("DS-1"), Distributor Interruptible Supplemental Service ("DISS-1"), and Resale Firm Transportation Service ("RFT").

Q. PLEASE EXPLAIN THE DIFFERENCE BETWEEN A CUSTOMER WHO RECEIVES GAS SERVICE ON A FIRM BASIS AND A CUSTOMER WHO RECEIVES GAS SERVICE ON AN INTERRUPTIBLE BASIS?

A. Regardless of whether a customer is a sale for resale customer or an industrial customer, SCPC further divides these customers into classes designated as either firm or interruptible. A firm customer is one who receives gas on a priority basis and anticipates no interruptions, under normal circumstances. For example, a firm customer will typically enter into a contract with SCPC for the delivery of a specified volume of gas on a daily basis. Pursuant to the contract with the customer, SCPC is obligated to deliver up to the firm quantity of gas that the customer has requested under the terms of the contract. The amount of gas that SCPC is obligated to deliver under the terms of the contract is called the Maximum Daily Quantity ("MDQ").

The firm customer is obligated to pay a monthly fixed charge for the MDQ regardless of whether the customer accepts delivery of the gas. This charge is called a demand charge. In addition to the demand charge, the customer also pays a charge for all volumes of gas actually delivered to the customer during the course of a given month. This charge is called a commodity charge. I will discuss both of these charges in greater detail later in my testimony.

An interruptible customer, on the other hand, is one that receives interruptible gas service from SCPC, meaning that SCPC is not contractually or otherwise obligated to deliver specific volumes of gas within a given period of time. Upon short notice, SCPC possesses the right to "interrupt" the interruptible customer's gas service, according to the curtailment plan approved by the Commission. In summary, the curtailment plan authorizes SCPC to curtail gas service to its interruptible customers on a priority basis, which is based upon the category of service that the interruptible customer receives.

Q. PLEASE DESCRIBE THE RATES APPROVED BY THE COMMISSION AND CHARGED TO SALE FOR RESALE CUSTOMERS FOR FIRM SERVICE.

A. SCPC charges for providing firm natural gas service to its sale for resale customers through a two-part demand/commodity rate structure set forth in SCPC's approved gas tariff. By Commission Order No. 90-729, the Commission approved the methodology underlying the current rate structure. Since 1990, the Commission has approved several modifications to the gas cost recovery formula established by Order No. 90-729.

Q. PLEASE DESCRIBE THIS TWO-PART DEMAND/COMMODITY RATE STRUCTURE THAT APPLIES TO SCPC'S SALE FOR RESALE CUSTOMERS.

A. Under the rate structure approved in Order No. 90-729, SCPC's charges for firm service to sale for resale customers are made through two rate components: a demand charge and a commodity charge.

The demand charge is further divided into two (2) components: (i) the Demand Charge Cost of Gas and (ii) the Cost of Service Demand Charge. Pursuant to Section 7(a) of SCPC's tariff, the Demand Charge Cost of Gas for each dekatherm ("Dt") of MDQ is determined monthly on a weighted average basis of all such firm quantities that SCPC is obligated to deliver, i.e., the MDQ. The Demand Charge Cost of Gas includes all demand and capacity charges that SCPC pays suppliers to obtain guaranteed supplies of gas as well as the upstream demand charges and the upstream cost of service demand charges. The second component of the demand charge is called the Cost of Service Demand Charge, which is designed to recover SCPC's fixed costs, excluding its return on investment and associated income taxes. The Cost of Service Demand Charge is set at $3.5924 per dekatherm of MDQ for sale for resale customers.

The commodity charge is simply the monthly Weighted Average Cost of Gas ("WACOG") multiplied by the volumes delivered to the customer plus the approved tariff markup of $0.0753, also multiplied by the volumes delivered. I will discuss the WACOG calculation in detail later in my testimony.

Q. HOW DOES SCPC CHARGE FOR NATURAL GAS SERVICES TO ITS INDUSTRIAL CUSTOMERS?

A. In Commission Order No. 10,391, which was issued in 1957, the Commission authorized the Company to "contract with industrial customers buying directly from the pipeline on terms and conditions mutually satisfactory to the respective parties." Consequently, all industrial customers have negotiated contracts with SCPC which establish the rates to be charged to the customer. The billing rate for firm industrial customers includes a demand and commodity component. The demand component includes the Demand Charge Cost of Gas based on the customer's contracted MDQ. The commodity component is the monthly WACOG plus the negotiated contractual markup, multiplied by the volumes of natural gas delivered during the month.

The interruptible industrial customers' billing rate is the monthly WACOG plus the negotiated contractual markup. However, for those industrial customers participating in the Industrial Sales Program Rider ("ISP-R"), the billing rate is the negotiated competitive sales price which meets the customer's alternative fuel price. Included in this negotiated competitive sales price is gas cost plus the negotiated contractual markup, which in the aggregate cannot exceed the authorized maximum markup established by Commission Order No. 82-898.

Q. PLEASE EXPLAIN THE WEIGHTED AVERAGE COST OF GAS.

A. In my testimony I have made reference to the Weighted Average Cost of Gas, which is commonly referred to as "WACOG." Pursuant to Commission orders and SCPC's tariff, the WACOG is a calculation of the cost of gas which is comprised of

(i) 20,000 Dt of the least expensive daily delivered gas volume, (ii) the actual price paid for gas, including the actual transportation costs incurred for the delivery of the gas to South Carolina and charged to firm and interruptible customers, (iii) direct cost and gains and losses associated with hedging activities, (iv) demand costs associated with all reserve firm capacity, (v) credits associated with released firm capacity, and (vi) gas costs associated with the unaccounted for gas volumes and compressor fuel, excluding any demand charges.

Q. WHAT IS THE IMPACT OF COMMISSION ORDER NO. 94-181 WHICH REQUIRES 20,000 DT A DAY OF THE LEAST EXPENSIVE DELIVERED GAS BE RESERVED FOR THE WACOG?

A. The impact of complying with Commission Order No. 94-181 has been two-fold. First, Order 94-181 has reduced the cost of gas for SCPC's sale for resale customers by reducing the WACOG which, in turn, reduces the commodity charge assessed by SCPC to its sale for resale customers.

The second impact of complying with Order No. 94-181 relates to how it impacts SCPC's ability to earn its approved margins from ISP-R customers. Specifically, reserving 20,000 Dt per day of the least expensive gas to the WACOG adversely impacts the ability of SCPC and its sale for resale customers to compete successfully with alternative fuels of industrial customers, which has resulted in lost financial opportunities. During the twelve months ending December 31, 2003, SCPC lost $605,642 of approved margin as a direct result of this order. For this same time period, the sale for resale customers lost $74,112 as a direct result of this order. Exhibit No. ____ (TRC-1) documents the adverse impact on margins.

Q. PLEASE DESCRIBE THE PROCEDURES FOLLOWED BY SCPC FOR ITS GAS COST RECOVERY.

A. SCPC's gas cost recovery is based on the recovery of delivered gas costs. Delivered gas costs are both the actual purchase price paid for gas and the actual transportation costs incurred for the delivery of the gas to South Carolina. Each month, after certain gas cost assignments are made, actual delivered gas costs are aggregated and divided by the delivered volume. This calculation produces the WACOG. The WACOG calculation includes the following:

- In compliance with the approved gas tariff, storage gas withdrawals are assigned the weighted average cost of stored gas. A weighted average cost of stored gas is calculated for each separate storage facility utilized by SCPC.
- In compliance with Order No. 94-181, 20,000 Dt of the least expensive daily delivered gas volume are reserved for the monthly WACOG.
- In compliance with Order No. 83-873, delivered gas costs are assigned to competitive gas sales made through the ISP-R.
- In compliance with Order No. 95-1253, direct costs and gains and losses associated with hedging activities are included in the monthly WACOG.

- In compliance with Order No. 96-336, the demand costs associated with all reserve firm capacity are included in the monthly WACOG.
- In compliance with Order No. 97-477, credits associated with released firm capacity are included in the monthly WACOG.
- In compliance with Order No. 97-477, gas costs associated with the unaccounted for gas volumes and compressor fuel, excluding any demand charges, are recovered through the WACOG.

Q. HOW ARE COSTS ASSIGNED TO THE INDUSTRIAL SALES PROGRAM RIDER?

A. As Mr. Dozier explained in his testimony, the ISP-R is essential to maintaining the industrial service that is so important to our system and all of our customers. As provided in Order No. 90-729, SCPC and certain of its sale for resale customers are permitted to compete with alternative competitive fuels of industrial customers. Order No. 98-298 clarified that gas-to-gas competition is authorized under the ISP-R program. On a monthly basis, gas costs assigned to competitive sales are determined by reviewing each competitive sales price less the negotiated markup in the service agreement. SCPC's gas cost requirements and those of its sale for resale customers are then aggregated. Gas purchases are reviewed and assigned to meet as nearly as possible these gas cost requirements. In the event that aggregate net revenues received from ISP-R sales exceed aggregate net revenues authorized by the Commission, an ISP-R sales credit is created. This credit is used to lower the Demand Charge Cost of Gas. Thus, in no case does SCPC realize more margin than the contractual markup.

Q. DOES SCPC FILE QUARTERLY FINANCIAL REPORTS WITH THE COMMISSION?

A. Yes. SCPC files Quarterly Reports with the Commission which detail the Company's earnings and expenses. A copy of the Quarterly Report filed on behalf of SCPC for the twelve months ended December 31, 2003 is attached hereto as Exhibit No. ____ (TRC-2).

Q. DOES THIS QUARTERLY REPORT CLEARLY REFLECT THAT EARNINGS FROM ISP-R SALES ARE IMPORTANT TO SCPC'S TOTAL EARNINGS AND ACTUALLY HELP SUPPORT INADEQUATE EARNINGS FROM SALE FOR RESALE CUSTOMERS?

A. Yes. For the period under review, Exhibit No. _______ (TRC-2) reflects that the Company's rate of return for its Resale Gas Operations was only 0.19%. This return is clearly inadequate and substantially below SCPC's authorized return. By comparison and although still inadequate, the rate of return for Industrial Gas Operations was 11.28% for the same period. Combined, these two returns yielded a rate of return for Total Gas Operations of 4.54%. Consequently, while a rate of return of 4.54% is inadequate, one can easily observe that, without the earnings from its industrial operations, SCPC would have just broken even for the twelve-month period ending December 31, 2003. This analysis reflects in concrete financial terms how important and critical ISP-R sales are to sale for resale customers and SCPC's pipeline system.

Q. DO YOU HAVE ANY CONCLUDING REMARKS?

A. Yes. SCPC's recovery of its gas costs has been carefully made in compliance with Commission orders and the approved gas tariff. In fact, SCPC's monthly cost of gas calculation results in the precise recovery of actual gas costs incurred by the Company. I therefore respectfully request, on behalf of South Carolina Pipeline Corporation, that the Commission find that the Company's gas cost recovery is in full compliance with SCPC's tariff and Commission Orders.

Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

A. Yes.

South Carolina Pipeline Corporation
Effect of 20,000 DTs/Day Reserved for WACOG
In Compliance with Order No. 94-181

Year	SCPC Margin Loss	Sale-for-resale Margin Loss
12 Months Ending December 1997	$995,360	$212,740
12 Months Ending December 1998	$2,115,865	$223,358
12 Months Ending December 1999	$1,842,697	$270,961
12 Months Ending December 2000	$2,035,358	$173,434
15 Months Ending* March 2002	$6,796,612	$368,745
9 Months Ending* December 2002	$2,167,046	$243,693
12 Months Ending December 2003	$ 605,642	$ 74,112
Totals	**$16,558,580**	**$1,567,043**

* Purchased Gas Adjustment ("PGA") proceedings typically review SCPC's policies, practices and gas costs recovery procedures for twelve-month periods. Longer or shorter periods may be reviewed by the Commission, however, as was done for the periods designated above.

SOUTH CAROLINA PIPELINE CORPORATION
OPERATING EXPERIENCE - TOTAL GAS OPERATIONS
12 MONTHS ENDED DECEMBER 31, 2003

DESCRIPTION	REGULATORY PER BOOKS COL. A	ACCOUNTING & PRO FORMA ADJUSTMENTS COL. B	ADJUSTED OPERATIONS COL. C
Total Revenues	519,763,725		519,763,725
Cost of Gas	(472,182,869)		(472,182,869)
OPERATING MARGINS	47,580,857	(224,048)	47,356,808
OPERATING EXPENSES			
Other O&M Expenses	19,852,912	818,584	20,671,496
Deprec. & Amort. Expenses	6,593,065	191,169	6,784,234
Taxes Other Than Income	5,682,889	618,500	6,301,389
Income Taxes			
State	62,324	(84,975)	(22,652)
Federal	(1,339,521)	(565,086)	(1,904,607)
Def. Inc. Taxes (Net)	5,310,338		5,310,338
Invest. Tax Cr. (Net)	(95,500)		(95,500)
Total Operating Expenses	36,066,507	978,191	37,044,698
Operating Return	11,514,350	(1,202,239)	10,312,111
AFUDC	866,942	(866,942)	0
Total Income For Return	12,381,292	(2,069,181)	10,312,111
RATE BASE			
Gross Plant in Service	285,949,380	28,000,687	313,950,067
Reserve for Depre.	119,225,947	191,169	119,417,116
Net Plant	166,723,434	27,809,518	194,532,952
CWIP	28,000,687	(28,000,687)	0
Materials & Supplies	42,195,525	(7,049,257)	35,146,268
Working Capital	1,374,624	102,323	1,476,947
Net Deferred Debits / Credits	(1,948,564)	1,813,159	(135,405)
Accumulated Def. Taxes	(24,239,634)		(24,239,634)
Original Cost Rate Base	212,106,071	(5,324,944)	206,781,128
Acquisition Adj.	20,406,599		20,406,599
Total Rate Base	232,512,671	(5,324,944)	227,187,727
RATE OF RETURN	5.32%		4.54%
RETURN ON EQUITY	4.93%		3.36%

SOUTH CAROLINA PIPELINE CORPORATION
ACCOUNTING & PRO FORMA ADJUSTMENTS - TOTAL
FOR 12 MONTHS ENDING DEC 31, 2003

ADJ #	DESCRIPTION	REVENUES	O & M EXPENSES	DEPR & AMORT. EXPENSE	TAXES OTHER THAN INCOME	STATE INCOME TAX @ 5.0%	FEDERAL INCOME TAX @ 35%	PLANT IN SERVICE	CWIP	ACCUM. DEPR.	WORKING CAPITAL	NET DEF. DEBITS / CREDITS	MATERIALS & SUPPLIES
1	ANNUALIZE WAGE INCREASE		808,243		183,626	(49,593)	(329,796)						
2	ADJ DEPRECIATION EXP & RES.			191,169		(9,558)	(63,564)			191,169			
3	ADJ PROPERTY TAXES				434,874	(21,744)	(144,596)						
4	ANNUALIZE INTEREST EXP					7,640	50,804						
5	CWIP CLOSED TO PLANT							28,000,687	(28,000,687)				
6	RETIREMENTS, SAL. & REM. COSTS							0		0			
7	WORKING CAPITAL @ 1/8										102,323		
8	MATERIALS & SUPPLIES												(7,049,257)
9	UNCOLLECTIBLE RECEIVABLE	(224,048)	(442,949)			10,945	72,784						
10	ADJ REGULATORY EXPENSE		453,290			(22,664)	(150,719)					1,813,159	
		(224,048)	818,584	191,169	618,500	(84,975)	(565,086)	28,000,687	(28,000,687)	191,169	102,323	1,813,159	(7,049,257)

Exhibit No. __ (TRC-2)
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SOUTH CAROLINA PIPELINE CORPORATION
OPERATING EXPERIENCE - RESALE GAS OPERATIONS
12 MONTHS ENDED DECEMBER 31, 2003

DESCRIPTION	REGULATORY PER BOOKS COL. A	ACCOUNTING & PRO FORMA ADJUSTMENTS COL. B	TOTAL ADJUSTED OPERATIONS COL. C
OPERATING MARGINS (1)	18,976,439	0	18,976,439
OPERATING EXPENSES			
Other O&M Expenses	11,885,240	783,195	12,668,435
Deprec. & Amort. Expenses	4,223,199	81,868	4,305,067
Taxes Other Than Income	3,417,345	173,219	3,590,564
Income Taxes			
State	(339,543)	(47,216)	(386,759)
Federal	(3,518,558)	(313,987)	(3,832,545)
Def. Inc. Taxes (Net)	2,425,236		2,425,236
Invest. Tax Cr. (Net)	(57,248)		(57,248)
Total Operating Expenses	18,035,672	677,078	18,712,751
Operating Return	940,767	(677,078)	263,688
AFUDC	519,693	(519,693)	0
Total Income For Return	1,460,460	(1,196,771)	263,688
RATE BASE			
Gross Plant in Service	183,936,862	16,633,807	200,570,670
Reserve for Depre.	78,375,621	81,868	78,457,488
Net Plant	105,561,242	16,551,940	122,113,181
CWIP	16,633,808	(16,633,807)	0
Materials & Supplies	35,797,298	(5,980,358)	29,816,940
Working Capital	1,431,929	97,899	1,529,828
Net Deferred Debits / Credits	(1,209,722)	1,125,659	(84,063)
Accumulated Def. Taxes	(15,231,326)		(15,231,326)
Original Cost Rate Base	142,983,227	(4,838,667)	138,144,560
Acquisition Adj.	0		0
Total Rate Base	142,983,227	(4,838,667)	138,144,560
RATE OF RETURN	1.02%		0.19%
RETURN ON EQUITY	-3.72%		-5.40%

(1) Resale operating margins (COL. A & C) includes Non-Assoc Resale Firm Transportation in the amount of $1,919,897.

SOUTH CAROLINA PIPELINE CORPORATION
ACCOUNTING & PRO FORMA ADJUSTMENTS - RESALE
FOR 12 MONTHS ENDING DEC 31, 2003

ADJ. #	DESCRIPTION	REVENUES	O & M EXPENSES	DEPR & AMORT. EXPENSE	TAXES OTHER THAN INCOME	STATE INCOME TAX @ 5.0%	FEDERAL INCOME TAX @ 35%	PLANT IN SERVICE	CWIP	ACCUM. DEPR.	WORKING CAPITAL	NET DEF. DEBITS / CREDITS	MATERIALS & SUPPLIES
1	ANNUALIZE WAGE INCREASE		501,780		114,000	(30,789)	(204,747)						
2	ADJ DEPRECIATION EXP & RES.			81,868		(4,093)	(27,221)			81,868			
3	ADJ PROPERTY TAXES				59,219	(2,961)	(19,690)						
4	ANNUALIZE INTEREST EXP					4,698	31,242						
5	CWIP CLOSED TO PLANT							16,633,807	(16,633,807)				
6	RETIREMENTS, SAL. & REM. COSTS							0		0			
7	WORKING CAPITAL @ 1/8										97,899		
8	MATERIALS & SUPPLIES												(5,980,358)
9	UNCOLLECTIBLE RECEIVABLE												
10	ADJ REGULATORY EXPENSE		281,415			(14,071)	(93,570)					1,125,659	
		0	783,195	81,868	173,219	(47,216)	(313,987)	16,633,807	(16,633,807)	81,868	97,899	1,125,659	(5,980,358)

SOUTH CAROLINA PIPELINE CORPORATION
OPERATING EXPERIENCE - INDUSTRIAL GAS OPERATIONS
12 MONTHS ENDED DECEMBER 31, 2003

DESCRIPTION	REGULATORY PER BOOKS COL. A	ACCOUNTING & PRO FORMA ADJUSTMENTS COL. B	TOTAL ADJUSTED OPERATIONS COL. C
OPERATING MARGINS (1)	28,604,418	(224,048)	28,380,369
OPERATING EXPENSES			
Other O&M Expenses	7,967,672	35,390	8,003,061
Deprec. & Amort. Expenses	2,369,865	109,301	2,479,167
Taxes Other Than Income	2,265,544	445,280	2,710,824
Income Taxes			
State	401,866	(37,759)	364,107
Federal	2,179,038	(251,099)	1,927,938
Def. Inc. Taxes (Net)	2,885,102		2,885,102
Invest. Tax Cr. (Net)	(38,252)		(38,252)
Total Operating Expenses	18,030,835	301,112	18,331,947
Operating Return	10,573,583	(525,161)	10,048,422
AFUDC	347,250	(347,250)	0
Total Income For Return	10,920,833	(872,410)	10,048,422
RATE BASE			
Gross Plant in Service	102,012,518	11,366,880	113,379,398
Reserve for Depre.	40,850,326	109,301	40,959,627
Net Plant	61,162,192	11,257,578	72,419,770
CWIP	11,366,879	(11,366,880)	(0)
Materials & Supplies	6,398,227	(1,068,899)	5,329,328
Working Capital	(57,305)	4,424	(52,882)
Net Deferred Debits / Credits	(738,842)	687,500	(51,342)
Accumulated Def. Taxes	(9,008,308)		(9,008,308)
Original Cost Rate Base	69,122,844	(486,277)	68,636,567
Acquisition Adj.	20,406,599		20,406,599
Total Rate Base	89,529,443	(486,277)	89,043,166
RATE OF RETURN	12.20%		11.28%
RETURN ON EQUITY	18.79%		16.94%

(1) Industrial operating margins (COL. A & C) includes transportation revenue of industrial customers served by sale for resale customers in the amount of $ 664,926.51.

SOUTH CAROLINA PIPELINE CORPORATION
ACCOUNTING & PRO FORMA ADJUSTMENTS - INDUSTRIAL
FOR 12 MONTHS ENDING DEC 31, 2003

ADJ. #	DESCRIPTION	REVENUES	O & M EXPENSES	DEPRE. & AMORT. EXPENSE	TAXES OTHER THAN INCOME	STATE INCOME TAX @ 5.0%	FEDERAL INCOME TAX @ 35%	PLANT IN SERVICE	CWIP	ACCUM. DEPR.	WORKING CAPITAL	NET DEF. DEBITS / CREDITS	MATERIALS & SUPPLIES
1	ANNUALIZE WAGE INCREASE		306,463		69,626	(18,804)	(125,050)						
2	ADJ DEPRECIATION EXP & RES.			109,301		(5,465)	(36,343)			109,301			
3	ADJ PROPERTY TAXES				375,655	(18,783)	(124,905)						
4	ANNUALIZE INTEREST EXP					2,942	19,562						
5	CWIP CLOSED TO PLANT							11,366,880	(11,366,880)				
6	RETIREMENTS, SAL. & REM. COSTS							0		0			
7	WORKING CAPITAL @ 1/8										4,424		
8	MATERIALS & SUPPLIES												(1,068,899)
9	UNCOLLECTIBLE RECEIVABLE	(224,048)	(442,949)			10,945	72,784						
10	ADJ REGULATORY EXPENSE		171,875			(8,594)	(57,148)					687,500	
		(224,048)	35,390	109,301	445,280	(37,759)	(251,099)	11,366,880	(11,366,880)	109,301	4,424	687,500	(1,068,899)

SOUTH CAROLINA PIPELINE CORPORATION
CAPITALIZATION
12 MONTHS ENDED DECEMBER 31, 2003

Total Gas	Capitalization $	Ratio %	Embedded Cost/Rate %	Overall Cost/Rate %
Long Term Debt	112,500,000	50.34	5.70%	2.87
Preferred Stock	0	0.00	0.00	0.00
Common Equity	110,963,130	49.66	3.36%	1.67
Total	223,463,130	100.00		4.54

Sale For Resale	Capitalization $	Ratio %	Embedded Cost/Rate %	Overall Cost/Rate %
Long Term Debt	112,500,000	50.34	5.70%	2.87
Preferred Stock	0	0.00	0.00	0.00
Common Equity	110,963,130	49.66	-5.40%	-2.68
Total	223,463,130	100.00		0.19

SOUTH CAROLINA PIPELINE CORPORATION

Earnings per share are calculated based on average shares outstanding of parent company, SCANA Corporation and Companies, and represents South Carolina Pipeline Corporation's contribution to the parents overall earnings.

		12 Months ended Dec 31, 2003 $ 000'S
Net Income After Div. of Pref. Stock	$	6,623
Earnings Per Share	$	0.06
Avg. Number of Shares Outstanding		110,845

SOUTH CAROLINA PIPELINE CORPORATION
RATIO OF EARNINGS TO FIXED CHARGES (1)
FOR 12 MONTHS ENDING DEC 31, 2003

Line No.			$ 000's
1	Earnings		
2	Net Income	$	6,623
3	Prov. for Federal & State Income Tax		2,884
4	Total Fixed Charges, as Below		5,533
5	Total Earnings		15,040
6	Fixed Charges		
7	Interest on Long term debt		3,271
8	Other Interest	$	2,262
9	Amort. of Debt Prem.- Discount & Exp (Net)		0
10	1/3 Rental Charged to Operating Exp.		0
11	Total Fixed Charges		5,533
12	Ratio of Earnings to Fixed Charges		2.72
13	(1) SEC Coverage		

South Carolina Pipeline Corporation
Working Capital
For the Twelve Months Ended December 31, 2003

	Regulatory Per Books	Accounting & Pro Forma Adjustments	Total Adjusted Operations
Total Working Capital:			
Working Cash	2,481,614	102,323	2,583,937
Minimum Bank Balance	887,079	-	887,079
Prepayments	1,107,143	-	1,107,143
Total Investor Advanced Funds	4,475,836	102,323	4,578,159
Less: Customer Deposits	(990,323)	-	(990,323)
Average Tax Accruals	(2,110,889)	-	(2,110,889)
Total Working Capital	**1,374,624**	**102,323**	**1,476,947**
Resale Working Capital:			
Working Cash	1,485,655	97,899	1,583,554
Minimum Bank Balance	570,613	-	570,613
Prepayments	712,174	-	712,174
Total Investor Advanced Funds	2,768,442	97,899	2,866,341
Less: Customer Deposits	-	-	-
Average Tax Accruals	(1,336,513)	-	(1,336,513)
Working Capital - Resale	**1,431,929**	**97,899**	**1,529,828**
Industrial Working Capital:			
Working Cash	995,959	4,424	1,000,383
Minimum Bank Balance	316,466	-	316,466
Prepayments	394,969	-	394,969
Total Investor Advanced Funds	1,707,393	4,424	1,711,817
Less: Customer Deposits	(990,323)	-	(990,323)
Average Tax Accruals	(774,376)	-	(774,376)
Working Capital - Industrial	**(57,305)**	**4,424**	**(52,882)**